SANTA FE MINERALS LIMITED

ABN 59 151 155 734

Annual Financial Report

For the year ended 30 June 2018

Santa Fe Minerals Limited
30 June 2018 Annual Financial Report

Contents

Corporate Section

Directors	Mark Jones (Non-Executive Chairman) Douglas Rose (Managing Director) Andrew Quin (Non-Executive Director) Terence Brown (Non-Executive Director)
Company Secretary	Krystel Kirou
ABN	59 151 155 734
Registered and Principal Office	39 Clifton Street Nedlands WA 6009
Postal Address	39 Clifton Street Nedlands WA 6009
Website	www.santafeminerals.com.au
Auditors	HLB Mann Judd Chartered Accountants Level 4,130 Stirling Street Perth WA 6000
Share Register	Advanced Share Registry Services 110 Stirling Highway Nedlands WA 6009 Tel: +61 8 9389 8033
Securities Exchange Listing	Australian Securities Exchange Limited (ASX: SFM) Level 40, Central Park 152-158 St George's Terrace Perth WA 6000

Directors' Report

The directors present their report together with the consolidated financial statements of the Group comprising of Santa Fe Minerals Limited ("SFM" or the "Company") and its subsidiaries for the year ended 30 June 2018.

In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of the directors who held office during or since the end of the financial year and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated:

Mr Mark Jones
Mr Douglas Rose
Mr Andrew Quin
Mr Terence Brown *(appointed on 14 August 2017)*

Qualifications, Experience and Special Responsibilities of Directors

Mark Jones (Chairman/Non-Executive Director)
Mr. Jones has been the Non-Executive Chairman of Santa Fe Minerals Limited since the company floated on the Australian Stock Exchange in October 2011. He was instrumental in the listing of the company and subsequent capital raisings. Mr. Jones is a Non-Executive Director (Private Clients) of Patersons Securities Limited and brings 24 years' of capital markets experience to the Board.

In the 3 years immediately before the end of the financial year, Mr Jones also served as a director of the following listed companies:

Oakajee Corporation Limited*

* denotes current directorships

Douglas Rose (Executive Director)
Mr. Rose was appointed to the board of the Company in March 2013 as a Non-Executive director. He has been the Managing director of Santa Fe Minerals since 1 July 2013 and oversaw the restructure and sale of the ATM business. Prior to his appointment as Managing Director, Mr. Rose was a Private Client Adviser with Patersons Securities Limited. He holds a Bachelor of Commerce degree from Curtin University and has over 12 years' experience in the financial services industry.

In the 3 years immediately before the end of the financial year, Mr Rose also served as a director of the following listed companies:

Oakajee Corporation Limited (resigned 30 July 2017)

Andrew Quin (Non-Executive Director)
Mr Quin is an economist with extensive experience in both the Australian and US stock markets. He has a unique international perspective and macro view on markets, global economics and investment strategy. Mr Quin is currently Senior Investment Manager for TWD (AFSL 475964) focused on both macroeconomic strategy and portfolio management. He holds a Masters of Science, Mineral Economics from Curtin University of Technology.

Mr Quin did not hold any other directorships in other listed companies in the last 3 years immediately before the end of the financial year.

Terence Brown (Non-Executive Director) *(Appointed 14 August 2017)*
Mr Brown is a geologist with over 31 years' experience in mining and exploration of precious, base and industrial minerals. He has been involved a in exploration, project development and operational roles within Australia and Africa for a number of mid-tier mining companies including Resolute Mining Ltd and Integra Mining Ltd. Mr Brown has a Bachelor of Science (Mining Geology) from Western Australian School of Mines and a Post-Graduate Diploma in Natural Resources from Curtin University.

Mr Brown did not hold any other directorships in other listed companies in the last 3 years immediately before the end of the financial year.

Directors' Report

Company Secretary

Krystel Kirou
Ms Kirou holds a Bachelor of Commerce degree from the University of Western Australia and has over 8 years' experience in financial reporting and corporate services. She is a member of CPA Australia and the Governance Institute of Australia. Ms Kirou is an employee of Nexia Perth, a mid-tier corporate advisory and accounting practice, and has held similar secretarial roles in various other listed and non-listed companies.

Directors' Interests

Interests in the shares and options of the Company and related bodies corporate
The following relevant interests in shares and options of the Company or a related body corporate were held by the directors as at the date of this report.

	No. of options over ordinary shares	No. of fully paid ordinary shares
Mark Jones	-	5,860,000
Douglas Rose	-	4,000,000
Andrew Quin	-	-
Terence Brown	-	-

There were no ordinary shares issued by the Company during or since the end of the financial year as a result of the exercise of an option.

At the date of this report there are 1,750,000 unissued ordinary shares of the Company under option.

Dividends
No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

Principal activities
The principal activities of the Group during the course of the financial year were exploration for gold and base metals within the state of Western Australia.

Review of operations
On 6 October 2017, the Group completed a return of capital to shareholders in the amount of $0.045 per share totaling $2,748,096.

During the year, the Group completed the acquisition of the Challa Gold and Base Metals projects (Challa Projects) located in northern Western Australia, pursuant to the terms of the tenement sale agreement and subsequent deed of variation with the vendor group (refer to announcements made to ASX on 3 July 2017 and 14 August 2017 for agreement terms).

Following the completion of recompliance with the ASX Listing Rules, the Group's securities were reinstated to official quotation on 22 November 2017. As part of relisting, the Group raised $1 million (before costs) under a public offer.

Mr Mark Carder was appointed to the full-time position of Exploration Manager on 27 November 2017. Mark is a geologist with over 18 years experience in mining and developing commodities including coal, gold, lead, zinc, copper, silver, iron ore and rare earths. Mark has held senior geological roles with Crescent Gold, BC Iron, Carrick Gold, Millennium Minerals and Lynas Corporation gaining practical and management experience within the areas of exploration, mining and resource development**.**

In March 2018, the Group acquired a further 418km^2 of ground at Challa South. Exploration Licences E59/2257 and E59/2259 were purchased from Gunex Pty Ltd (refer to announcements made to ASX on 1 March 2018 and 16 March 2018 for further information). The Watson's Well Vanadium prospect lies on EL59/2257 while E59/2259 hosts possible extensions to the Yarrambie Nickel target.

Directors' Report

Review of operations (continued)

An application for Exploration Licence E58/526 was made at the western edge of the Windimurra Intrusion. The application was granted on 26 March 2018 and the new ground lies along the Northern strike extensions of the Group's Western target area (Challa North).

<u>Exploration Activities Update</u>

Between the date of relisting on the ASX and the end of the year, the Group carried out detailed exploration across four priority targets - Watson's Well (Vanadium), Paynseville Central/Fenceline (Gold), Yarrambie (Magmatic Nickel) and Mitchelton (Gold). See Figure 1 below.

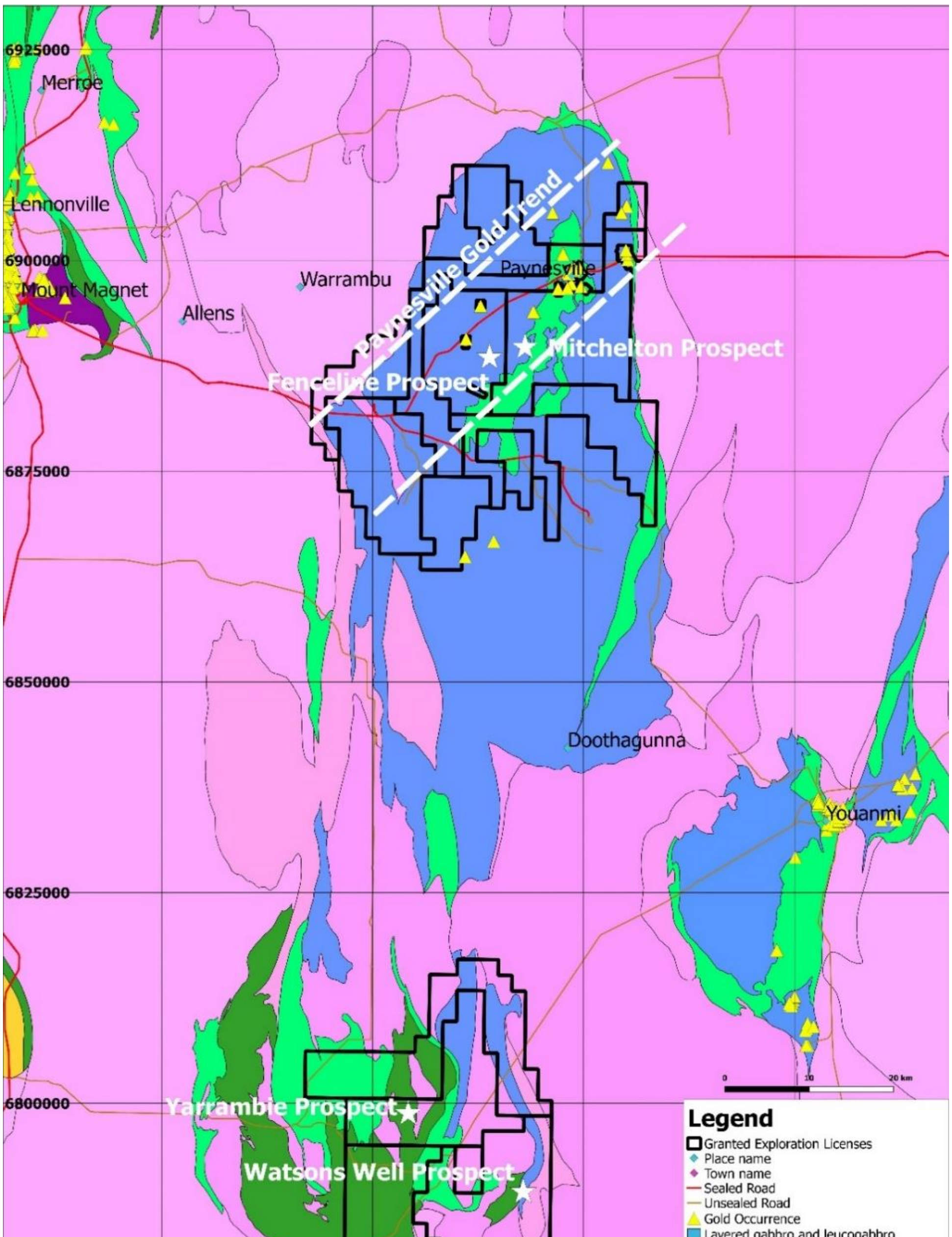

Figure 1: Group's Exploration Ground

Directors' Report

Review of operations (continued)

<u>Watson's Well - Vanadium</u>

Watson's Well consists of a 5 kilometre x 800 metre magnetic anomaly where recent sampling of the meta-gabbro outcrop and magnetite banding has shown peak values up to 1.64% Vanadium Pentoxide (V2O5) - refer to ASX Announcement dated 15 May 2018.

Detailed field mapping and sampling has been completed on a central priority zone (refer to Figure 2) with assays pending. The zone has been identified based on aeromagnetic data that has recently been re-processed by SFM's consultants. The aeromagnetic survey was originally conducted by UTS Geophysics in 2000 and was flown East-West on 50 metre spacings. The strong magnetitic signature located within the central section of the Watsons Well prospect is interpreted to be related to a zone of intense magnetite layering and prioritised as the first location to start exploration development and drilling.

Based on the detailed surface mapping and sampling of the outcropping magnetite layering, a drill hole program to generate a key sectional unit and grade profile of the magnetite sequence will be submitted as a Permit of works to the DMP. A key objective will be to test similarities observed at the northern Windimurra Vanadium mine, where a significant amount of Vanadium occurs as disseminated magnetite within thicker interstitial Anorthosite layers between the thin high-grade magnetite layers.

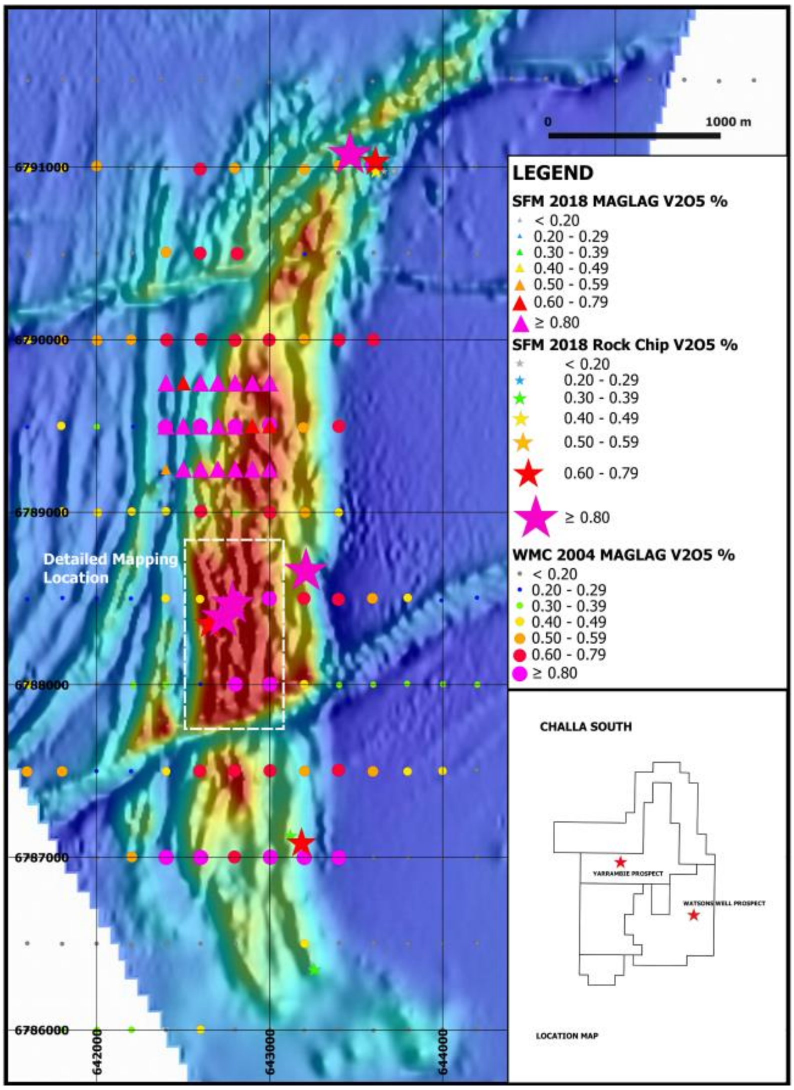

Figure 2: Surface sample location plan over UTS 50m reprocessed open file aeromagnetic data showing location of planned detailed mapping area.

Directors' Report

Review of operations (continued)

Paynesville Central/Fenceline - Gold

During the year, a combination of field mapping and sampling was undertaken prior to SFM's maiden drilling campaign at Paynesville Central and Fenceline. Extensive prospecting activity has been witnessed across the Paynesville Gold trend. Prior exploration in the area has been hampered by the extensive residual cover. Previous Air-Core drilling programs conducted in the area have been limited and struggled to penetrate the cover. SFM chose to carry out its first pass regional program utilising a Slim-Line Reverse Circulation Rig, in order to take a reliable sample of the insitu rock.

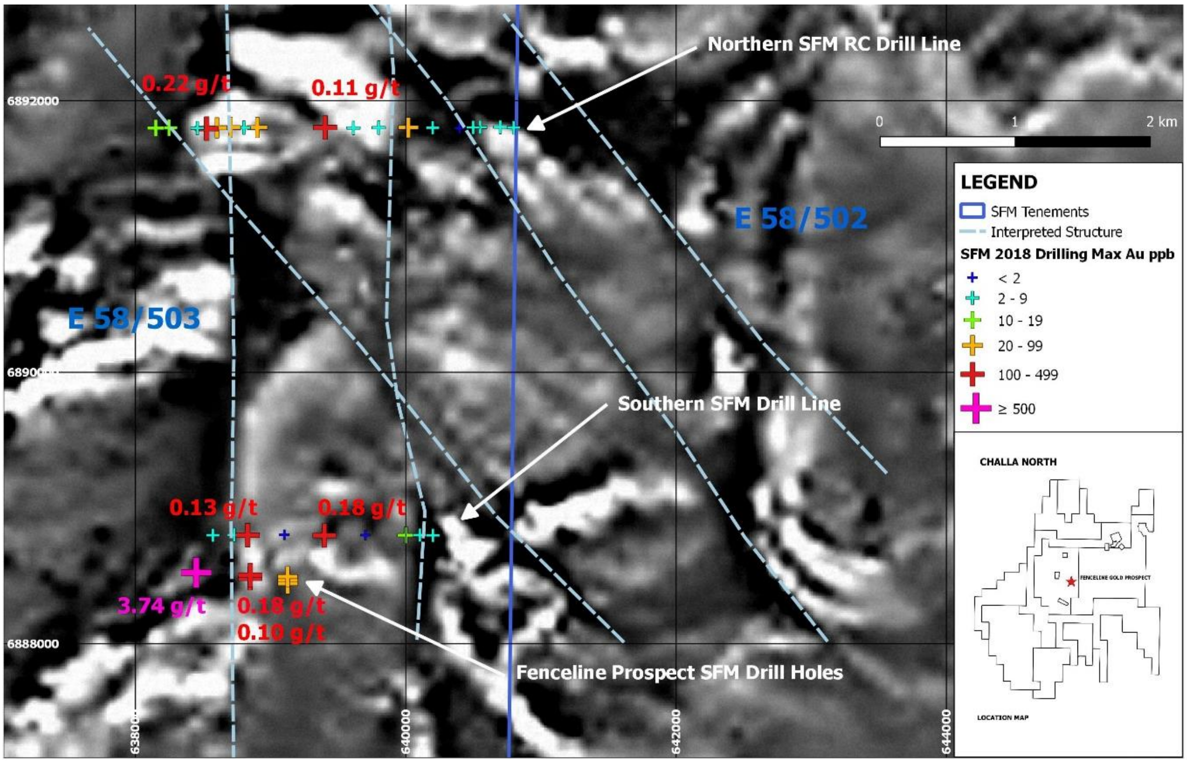

Figure 3: Drill Hole Location plan over UTS 100m multiclient aeromagnetic data showing recent RC drilling relative to interpreted structures. Maximum in-hole gold grades shown.

The Group completed a total of 27 shallow regional Reverse Circulation (RC) drill holes separated by 100-200m spacing along two east-west drill lines (refer to "Northern SFM RD Drill Line" and Southern SFM Drill Line" at Figure 3). The drill hole spacing and orientation was determined by proximity to interpreted large-scale geophysical structures (100m spacing near interpreted structures) within an average drill hole depth of 45m with the deepest hole (PCRC10010) of 72m; drill hole depth was determined by the extent of weathering to acquire a fresh sample for whole rock multi-element analysis for future geochemical modelling. The east-west drill lines were located to intercept both the interpreted major north-south striking and the northwest-southeast structures highlighted in the UTS 100m multi-client aeromagnetic data. Initial interpretation of the received assay data for Au mineralisation show robust gold intercepts (up to 225ppb) associated with the northwest-southeast striking geophysical structures. Several holes listed in Table 1 below report anomalous Au assays above 100ppb for the 3m composite samples submitted for assay; the 1m sample interval bags have been retained and will be re-assayed as 1m intervals to improve resolution of anomalous gold values to host mineralisation.

The re-assayed anomalous Au assays and multi-element data will be included in a broader dataset to model the key structural characteristics to target potential large-scale primary gold mineralisation within the Paynesville gold trend.

Directors' Report

Review of operations (continued)

Paynesville Central/Fenceline – Gold (continued)

Table 1: 2018 Regional RC Drilling Results – Challa North – Paynesville Gold Trend

RC drill hole intersections tabulated below are calculated with a 20ppb Au lower cut for the entire drill program. These represent the intersections from individual 3m sample results and include 3m of internal dilution. The samples are routinely collected as 3m sample intervals from the cyclone.

Hole ID	Collar N (MGA)	Collar E (MGA)	Collar RL	Dip	Azimuth	Hole Depth (m)	Depth From (m)	Depth To (m)	Downhole Intersection (m)	Au Value (ppb)
PCRC10007	6891803	640019	492	-60	90	54	0	3	3	37
PCRC10010	6891803	639403	489	-60	90	72	0	12	12	53
Including							6	9	3	110
PCRC10010	6891803	639403	489	-60	90	72	48	51	3	27
PCRC10011	6891803	638902	480	-60	90	39	18	24	6	61
PCRC10013	6891803	638703	480	-60	90	36	15	18	3	59
PCRC10014	6891801	638603	480	-60	90	39	0	3	3	34
PCRC10015	6891795	638527	481	-60	90	48	0	3	3	20
PCRC10015	6891795	638527	481	-60	90	48	15	33	18	75
Including							21	24	3	225
Including							24	27	3	102
PCRC10015	6891795	638527	481	-60	90	48	39	42	3	37
PCRC10021	6888800	638830	478	-60	90	45	18	30	12	53
Including							21	24	3	129
PCRC10023	6888798	639398	477	-60	270	66	42	51	9	100
Including							45	48	3	178

At the Fenceline prospect, the Group completed a total of 6 RC holes along 3 drill lines on approximately 300m drill line spacing (see Figure 3). On each of the drill lines the drill holes were spaced approximately 20m apart to intercept the down dip continuity of the southerly dipping Fenceline quartz vein; with an average drill hole depth of 60m. The east-west striking and southerly dipping Fenceline quartz vein was targeted with the central drill line located along a historic drill line with two new RC holes drilled to the north.

All of the Group's RC holes intercepted the Fenceline quartz vein varying in downhole thickness between 2 to 7 meters. Gold grades increased along strike to the east with the most eastern hole PCRC10033 hosting the most significant intercept of 1m @ 3.74g/t. The laboratory pulp repeat assay of the same interval reported 1.33g/t confirming the coarse nature of the gold hosted within the bucky Fenceline quartz vein. The geometry of the Fenceline quartz vein, context of the Au mineralisation and variable Au grades from the drilling data indicate that the gold mineralisation is late stage in nature and likely to be remobilised from a primary source. The drilling information will be included as part of a data set to create a regional scale geological and structural targeting model to focus on potential large-scale primary gold mineralisation within the Paynesville gold trend; currently obscured by extensive surface anomalies associated with late stage mineralisation.

Directors' Report

Review of operations (continued)

<u>Paynesville Central/Fenceline – Gold (continued)</u>

Table 2: 2018 Fenceline RC Drilling Results – Challa North – Paynesville Gold Trend

RC drill hole intersections tabulated below are calculated with a 20ppb Au lower cut for the entire drill program. These represent the intersections from individual 1m sample results and include 1m of internal dilution. The samples are routinely collected as 1m sample intervals from the cyclone.

Hole ID	Collar N (MGA)	Collar E (MGA)	Collar RL	Dip	Azimuth	Hole Depth (m)	Depth From (m)	Depth To (m)	Downhole Intersection (m)	Au Value (ppb)
PCRC10028	6888483	638848	479	-60	360	72	17	19	2	68
Including							17	18	1	104
PCRC10028	6888483	638848	479	-60	360	72	43	46	3	17
PCRC10029	6888506	638850	479	-60	360	48	0	1	1	30
PCRC10029	6888506	638850	479	-60	360	48	16	23	7	66
Including							16	17	1	182
PCRC10030	6888474	639127	476	-60	360	39	25	26	1	24
PCRC10031	6888444	639127	476	-60	360	80	1	2	1	21
PCRC10031	6888444	639127	476	-60	360	80	25	26	1	25
PCRC10032	6888495	639126	476	-60	360	66	27	28	1	22
PCRC10032	6888495	639126	476	-60	360	66	31	32	1	44
PCRC10033	6888525	638450	478	-60	360	48	18	20	2	1890
Including							18	19	1	3740
PCRC10033	6888525	638450	478	-60	360	48	24	25	1	24

<u>Yarrambie (Nickel/Copper/Cobalt)</u>

Yarrambie is a magnetic bullseye anomaly overlain by a co-incident Nickel/Copper/Cobalt geochemistry signature. Broad spaced soil sampling was conducted by WMC Resources Ltd (WMC) in 2004 - prior to WMC being taken over by BHP Billiton Ltd in 2005. The prospect was never drilled.

Directors' Report

Review of operations (continued)

<u>Yarrambie (Nickel/Copper/Cobalt) (continued)</u>

During the period, the Group conducted two mapping and rock chip/soil sampling programs over the prospect to further understand the structures and geochemistry. Peak Nickel values of 1,820 ppm Ni were recorded. Good continuity of nickel grade between historic WMC results and SFM samples was also achieved - see Figure 4 below. Copper assays from the Group's recent surface sampling with historic WMC Lag results are shown in Figure 5 below.

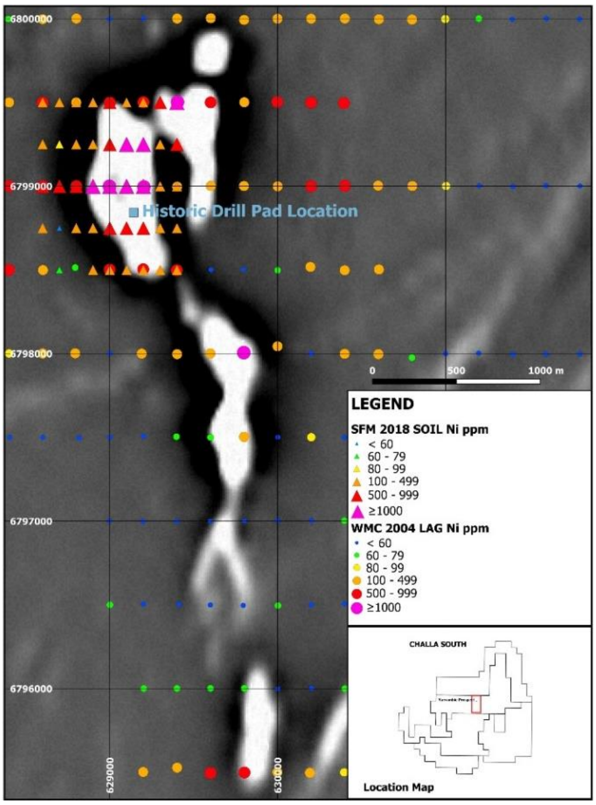

Figure 4: Yarrambie prospect - Nickel Sampling

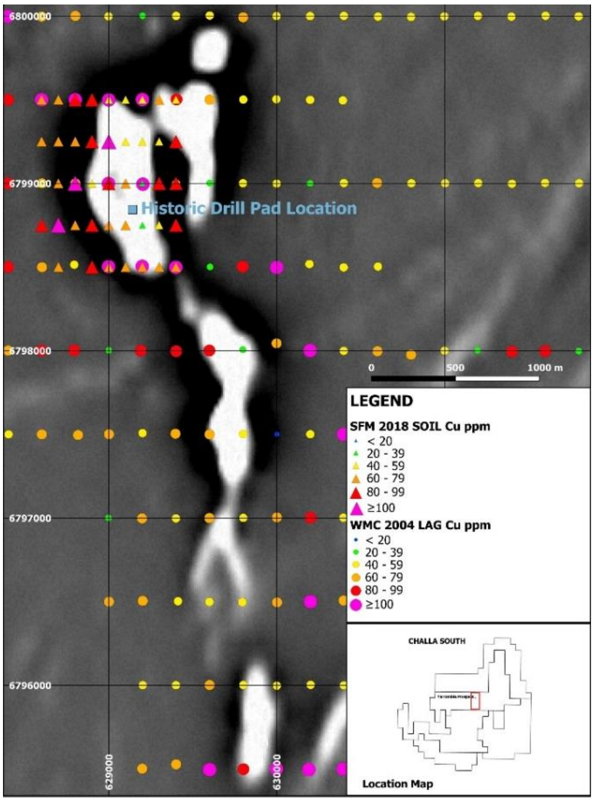

Figure 5 - Yarrambie prospect – Copper Sampling

Directors' Report

Review of operations (continued)

Yarrambie (Nickel/Copper/Cobalt) (continued)

On 12 September 2018, the Group announced it had commenced a ground based moving-loop time-domain electromagnetics (MLTEM) survey over the prospect. Conductors identified from the survey are expected to be followed up with fixed-loop EM to better define their extent to target with drilling.

Figure 6: Historic drill pad at Yarrambie prospect

Mitchelton

Mapping and sampling was conducted during the period. Further work is required to identify an adequate drill target.

COMPLIANCE STATEMENT

The information in this Financial Report that relates to exploration targets and exploration results is based on information compiled by Mark Carder, a competent person who is a member of the Australian Institute of Geoscientists (AIG). The information has previously been announced to ASX on 15 May 2018 - "Exploration Update - Regional Field Activities", 28 May 2018 - "Drilling Commenced at Challa North - Paynseville Gold Trend" and 4 June 2018 - "Drilling Completed at Challa North - Paynesville Gold Trend". Santa Fe Minerals is not aware of any new information or data that materially effects the information provided in that announcement. Mark Carder is an employee of Santa Fe Minerals Limited. Mark has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mark Carder consents to the inclusion in the Financial Report of the matters based on his information in the form and context in which it appears.

Directors' Report

Review of operations (continued)

The net loss after income tax attributable to members of the Company for the financial year ended 30 June 2018 was $1,243,478 (30 June 2017: $352,839). At 30 June 2018, the Company had net assets of $6,478,363 (30 June 2017: $9,025,152).

Operating Performance

The table below shows the key operating outcomes achieved as compared with the previous comparative period to 30 June 2018:

	30 June 2018 $'000	30 June 2017 $'000	30 June 2016 $'000
Other income	151	236	279
Net (loss)/profit before tax	(1,243)	(353)	(304)
Net (loss)/profit after tax	(1,243)	(353)	(304)
Share price at start of year	$0.12	$0.12	$0.12
Share price at end of year	$0.22	$0.12	$0.12
Basic loss per share (cents)	$1.82	0.58	0.50
Diluted loss per share (cents)	$1.82	0.58	0.50

Financial Position

As at 30 June 2018, the Company had cash and cash equivalents of $4,812,821 and net assets of $6,478,363.

Significant changes in the state of affairs

Other than the change to the nature and scale of the Group's activities to mineral exploration following completion of the acquisition of Challa Projects and successful relisting on ASX on 22 November 2017, there have been no significant changes in the state of affairs of the Group to the date of this report.

Significant events after balance date

Following the end of the period, the Group relinquished 467.3 km^2 of non-core exploration ground. The current area of interest is now 1,883.7km^2 and will allow the Group to allocate more resources towards meaningful exploration on existing targets including Watson's Well, the Paynesville Gold Trend and Yarrambie.

There has not been any other matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Likely developments and expected results

Disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Therefore, this information has not been presented in this report.

Environmental legislation

The Group is not subject to any significant environmental legislation.

Indemnification and insurance of directors and officers

The Company has agreed to indemnify all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Company paid a premium in respect of a contract insuring the directors and officers of the Company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Directors' Report

Remuneration Report - audited

This report, which forms part of the Directors' Report, outlines the remuneration arrangements in place for the key management personnel of Santa Fe Minerals Limited for the financial year ended 30 June 2018. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for key management personnel who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Key Management Personnel

Mr Mark Jones
Mr Douglas Rose
Mr Andrew Quin
Mr Terence Brown

Remuneration philosophy

The performance of the Company depends upon the quality of the directors and executives. The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external advisers and shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each director receives a fee for being a director of the Company. The remuneration of the non-executive directors for the year ended 30 June 2018 is detailed in Table 1 of this report.

Senior manager and executive director remuneration

Remuneration consists of fixed remuneration and variable remuneration (which may comprise short-term and long-term incentive schemes).

Fixed Remuneration

Fixed remuneration is reviewed annually by the Board. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Board has access to external, independent advice where necessary.

Senior managers are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.

Performance Based Remuneration

No performance based amounts have been paid or determined to be paid to Directors at this stage of the Group's development.

Directors' Report

Remuneration Report (continued)

Variable Remuneration

The objective of any short term incentive program is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential short term incentive available will be set at a level so as to provide sufficient incentive to senior management to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances.

Actual payments granted to each senior manager will depend on the extent to which specific operating targets set at the beginning of the financial year are met.

The aggregate of annual payments available for executives across the Group is subject to the approval of the Board. Payments made may be delivered as a cash or shares/options bonus in the following reporting period.

The Company currently does not have any long term incentive payment arrangements in operation.

Service Agreements

The Company entered into a service agreement with Mr Rose on 16 June 2014. The service agreement was extended on 1 July 2016 for a period of two years to 30 June 2018. On 24 May 2018, the Company agreed to extend the service agreement for a further 2 years to 30 June 2020. Mr Rose is entitled to a fixed base remuneration of $100,000 per annum plus statutory superannuation.

The service agreement can be terminated by either party providing three months' notice, with the Company being entitled to make a payment in lieu of that notice. In the event of termination by the Company, Mr. Rose will be entitled to a termination payment of $100,000, less any payment made in lieu of notice.

Bonuses

There were no bonuses granted including those with service and performance criteria during the financial year.

Remuneration of Key Management Personnel

Table 1: Key Management Personnel remuneration for the years ended 30 June 2018 and 30 June 2017.

		Short-term employee benefits		*Post employment benefits*	*Other long-term benefits*	*Share-based payments*		*Relative proportion of remuneration linked to performance*	
		Salary & Fees $	*Bonus $*	Superannuation $	Other $	Shares $	Total $	Fixed $	Perfor-mance linked $
Mark Jones	2018	100,000	-	9,500	-	-	109,500	100%	-
	2017	100,000	-	9,500	-	-	109,500	100%	-
Douglas Rose	2018	100,000	-	9,500	-	-	109,500	100%	-
	2017	100,000	-	9,500	-	-	109,500	100%	-
Andrew Quin	2018	25,000	-	2,375	-	-	27,375	100%	-
	2017	25,000	-	2,375	-	-	27,375	100%	-
Terence Brown[1]	2018	34,203	-	3,249	-	-	37,452	100%	-
	2017	-	-	-	-	-	-	-	-
TOTAL	**2018**	**259,203**	**-**	**24,624**	**-**	**-**	**283,827**		
	2017	**225,000**	**-**	**21,375**	**-**	**-**	**246,375**		

[1] *Appointed as a non-executive director on 14 August 2017.*

Share Option Plans

There were no share options issued during the financial year.

Directors' Report

Remuneration Report (continued)

Share-based compensation to Key Management Personnel
There were no share-based payments to directors and executives during the year.

Shareholdings of Key Management Personnel

30 June 2018	***Balance at beginning of year***	***Granted as remuneration***	***Net Change Other***	***Balance at end of year***
Directors:				
Mark Jones	5,860,000	-	-	5,860,000
Douglas Rose	4,000,000	-	-	4,000,000
Andrew Quin	-	-	-	-
Terence Brown	-	-	-	-
	9,860,000	-	-	9,860,000

All equity transactions with key management personnel other than those granted as remuneration have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Loans to Key Management Personnel
There were no loans provided to key management personnel during the financial year or outstanding at balance date (2017: nil).

Other transactions with Key Management Personnel
The Company rents office accommodation from Oakajee Corporation Limited. Mark Jones is a Director of Oakajee Corporation Limited. Normal commercial terms apply. The amount paid during the year was $14,300 (2017: $14,300).

Associates and Joint Ventures in which the parent entity is a venturer
The Group does not have any associates and has no interests in joint ventures.

Terms and conditions of transactions with related parties
Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms. No guarantees have been provided or received for any related party receivables or payables. For the year ended 30 June 2018, the Group has not made any allowance for doubtful debts relating to amounts owed by related parties (2017: nil).

END OF REMUNERATION REPORT

Directors' Meetings

The number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

	Number eligible to attend	**Number attended**
Mark Jones	3	3
Douglas Rose	3	3
Andrew Quin	3	2
Terence Brown	3	3

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

Directors' Report

Auditor Independence and Non-Audit Services

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 17 and forms part of this directors' report for the year ended 30 June 2018.

Non-Audit Services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 17 to the consolidated financial statements. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the impartiality and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

Signed in accordance with a resolution of the Board of directors.

Mark Jones
Non-Executive Chairman

19 September 2018
Perth, Western Australia

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Santa Fe Minerals Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia	**Danny Buckley**
19 September 2018	**Partner**

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2018

	Note	2018 $	2017 $
Continuing operations			
Other income	2	151,296	236,141
Employee benefits expense	2	(422,597)	(257,443)
Depreciation	10	(9,314)	(2,429)
Exploration expenditure		(295,899)	-
Other expenses	2	(588,193)	(356,567)
Finance costs		-	-
(Loss)/profit from disposal of available-for-sale assets		(78,771)	27,459
Loss before income tax expense		**(1,243,478)**	**(352,839)**
Income tax expense	3	-	-
Loss after tax		**(1,243,478)**	**(352,839)**
Other Comprehensive Income			
Items that may be reclassified to profit or loss			
Changes in fair value of available-for-sale assets		196,078	(72,452)
Items that will not be reclassified subsequently to profit or loss			
Available-for-sale assets disposed		72,452	-
Other comprehensive income for the year, net of tax		**268,530**	**(72,452)**
Total comprehensive loss for the year		**(974,948)**	**(425,291)**
Basic loss per share (cents)	5	**(1.82)**	**(0.58)**
Diluted loss per share (cents)	5	**(1.82)**	**(0.58)**

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position
As at 30 June 2018

	Note	2018 $	2017 $
Assets			
Current Assets			
Cash and cash equivalents	6	4,812,821	8,776,440
Trade and other receivables	7	31,469	26,336
Other financial assets	8	20,451	951
Current tax asset	3	-	-
Total Current Assets		**4,864,741**	**8,803,727**
Non-Current Assets			
Other financial assets	8	1,140,000	300,000
Deferred exploration expenditure	11	521,067	-
Property, plant and equipment	10	62,472	2,569
Total Non-Current Assets		**1,723,539**	**302,569**
Total Assets		**6,588,280**	**9,106,296**
Liabilities			
Current Liabilities			
Trade and other payables	12	60,753	52,475
Provisions	14	49,164	28,669
Total Current Liabilities		**109,917**	**81,144**
Total Liabilities		**109,917**	**81,144**
Net Assets		**6,478,363**	**9,025,152**
Equity			
Issued capital	15	14,757,954	16,405,862
Reserves	15	272,145	(72,452)
Accumulated losses		(8,551,736)	(7,308,258)
Total Equity		**6,478,363**	**9,025,152**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2018

	Issued capital	Asset revaluation reserve	Share based payments reserve	Accumulated losses	Total
	$	$	$	$	$
Balance at 1 July 2016	16,405,862	-	-	(6,955,419)	9,450,443
Loss for the year	-	-	-	(352,839)	(352,839)
Other comprehensive loss for the year, net of income tax	-	(72,452)	-	-	(72,452)
Total comprehensive loss for the year, net of income tax	-	(72,452)	-	(352,839)	(425,291)
Balance at 30 June 2017	**16,405,862**	**(72,452)**	-	**(7,308,258)**	**9,025,152**
Balance at 1 July 2017	16,405,862	(72,452)	-	(7,308,258)	9,025,152
Loss for the year	-	-		(1,243,478)	(1,243,478)
Other comprehensive income for the year, net of income tax	-	268,530	-	-	268,530
Total comprehensive loss for the year, net of income tax	-	268,530	-	(1,243,478)	(974,948)
Share issued during the period	1,200,000	-	-	-	1,200,000
Share issue costs	(99,812)	-	-	-	(99,812)
Share capital reduction	(2,748,096)	-	-	-	(2,748,096)
Share-based payments	-	-	76,067	-	76,067
Balance at 30 June 2018	**14,757,954**	**196,078**	**76,067**	**(8,551,736)**	**6,478,363**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows
For the year ended 30 June 2018

	Note	2018 $	2017 $
Cash flows from operating activities			
Other income		162,009	294,955
Payments to suppliers and employees		(913,660)	(555,951)
Exploration and evaluation expenditure		(399,602)	-
Net cash outflow from operating activities	6	**(1,151,253)**	**(260,996)**
Cash flows from investing activities			
Payments for property, plant and equipment		(69,217)	-
Payments for available for sale assets		(944,231)	(765,823)
Proceeds from disposal of available-for-sale assets		293,990	420,830
Payments for acquisition of tenements		(245,000)	-
Net cash (outflow) / inflow from investing activities		**(964,458)**	**(344,993)**
Cash flows from financing activities			
Proceeds from issue of shares		1,000,000	-
Return of capital		(2,748,096)	-
Payments for share issue costs		(99,812)	-
Net cash (outflow) from financing activities		**(1,847,908)**	**-**
Net decrease in cash held		(3,963,619)	(605,989)
Cash and cash equivalents at beginning of year		8,776,440	9,382,429
Cash and cash equivalents at end of year	6	**4,812,821**	**8,776,440**

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The consolidated financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

The financial statements comprise the consolidated financial statements for the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the Group consisting of Santa Fe Minerals Limited and its subsidiaries.

The financial report has been prepared on a historical cost basis except for available-for-sale assets which have been measured at fair value. Historical cost is based on the fair values of the consideration given in exchange for goods and services.

The financial report is presented in Australian dollars. The Company is a listed public company, incorporated in Australia.

(b) Adoption of new and revised standards

Standards and Interpretations applicable to 30 June 2018

In the year ended 30 June 2018, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all Standards and Interpretations in issued but are not yet adopted for the year ended 30 June 2018. As a result of this review the Directors have determined that AASB 9 *Financial Instruments* will have a material effect on Group accounting policies in future financial periods. The Group has elected not to early adopt this Standard.

AASB 9 (2014) replaces the existing guidance AASB 9 (2009), AASB 9 (2010) and AASB *139 Financial Instruments: Recognition and Measurement* and is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The new standard results in changes to accounting policies for financial assets and liabilities covering classification and measurement, hedge accounting and impairment. The standard eliminates the existing 139 categories of held to maturity, loans and receivables and available for sale. The Group has financial assets in relation to available-for-sale equity investments of $1,140,000. Under AASB 9, the Group is able to elect to continue classify these investments as at fair value through other comprehensive income. Accordingly, the Group does not expect any impact to the classification and measurement of these financial assets.

However, gains or losses realised on the sale of the financial assets at fair value through other comprehensive income will no longer be transferred to profit or loss but instead be reclassified below the line from the fair value reserve to retained earnings. During the financial year 2018, $78,771 of such losses were recognised in profit or loss in relation to the disposal of available-for-sale financial assets.

Other than the above, the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no material change is necessary to Group accounting policies.

(c) Statement of compliance

The financial report was authorised for issue on 19 September 2018.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Santa Fe Minerals Limited (‘Company’ or ‘parent entity’) as at 30 June 2018 and the results of all subsidiaries for the year then ended. Santa Fe Minerals Limited and its subsidiaries are referred to in this financial report as the Group. The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Basis of consolidation (continued)
Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement in with the investee; and
- has the ability in its power to affect its returns.

The Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements listed above

Changes in the Group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in subsidiaries. Any difference between the amount paid by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between:

- the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit and loss or transferred to another category of equity as specified/permitted by the applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(e) Critical accounting estimates and judgments
The application of accounting policies requires the use of judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Recovery of deferred tax assets
Deferred tax assets are recognised when management considers that it is probable that sufficient future tax profits will be available to utilise those temporary differences. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Share-based payment transactions
The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model, using the assumptions detailed in Note 9.

(f) Exploration and evaluation expenditure
Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

a) the rights to tenure of the area of interest are current; and
b) at least one of the following conditions is also met:
   - the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
   - exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Exploration and evaluation expenditure (continued)
Exploration and evaluation costs, excluding the costs of acquiring tenements and permits, are expensed as incurred. Acquisition costs will be assessed on a case-by-case basis and, if appropriate, they will be capitalised.

These acquisition costs are carried forward only if the rights to tenure of the area of interest are current and either:

- they are expected to be recouped through successful development and exploitation of the area of interest or;
- the activities in the area of interest at the reporting date have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest, are continuing.

Accumulated acquisition costs in relation to an abandoned area are written off in full to the statement of profit or loss and other comprehensive income in the year in which the decision to abandon the area is made.

The carrying values of acquisition costs are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Where a decision has been made to proceed with development in respect of an area of interest the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development

(g) Revenue Recognition
Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Sale of goods
Revenue is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services
Revenue from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- Contract income is recognised by reference to the total actual costs incurred at the end of the reporting period relative to the proportion of the total costs expected to be incurred over the life of the contract;
- Servicing fees are recognised by reference to the proportion of the total cost of providing the service for the product sold; and
- Revenue from time and material contracts are recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

Dividends
Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits.

Interest income
Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be reliably measured. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that assets' net carrying amount on initial recognition.

(h) Borrowing costs
Borrowing costs are capitalised that are directly attributable to the acquisition, construction or production of qualifying assets where the borrowing cost is added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Leases
Leases are classified as finance leases whenever the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the general policy on borrowing costs.

Finance lease assets are depreciated over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(j) Income tax
The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:
- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:
- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Income tax (continued)
Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date. Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation
Santa Fe Minerals Limited and its 100% owned Australian resident subsidiaries have implemented the tax consolidation legislation. Current and deferred tax amounts are accounted for in each individual entity as if each entity continued to act as a taxpayer on its own.

Santa Fe Minerals Limited recognises its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which it has assumed from its controlled entities within the tax consolidated Group.

(k) Other taxes
Revenues, expenses and assets are recognised net of the amount of GST except:
- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(l) Business combinations
The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or business under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified as either equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Impairment of tangible and intangible assets
The Group assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(n) Cash and cash equivalents
Cash comprises cash at bank and cash on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(o) Trade and other receivables
Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging up to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(p) Financial assets
Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Financial assets (continued)
The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss
Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

Held-to-maturity investments
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts.

For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale investments
Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

(q) Derecognition of financial assets and financial liabilities
Financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:
- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Derecognition of financial assets and financial liabilities (continued)
When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(r) Impairment of financial assets
The Group assesses at each balance date whether a financial asset or group of financial assets is impaired.

Financial assets carried at amortised cost
If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Financial assets carried at cost
If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

Available-for-sale investments
If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Investment in associates and joint ventures
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is an arrangement where the parties have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5. Under the equity method, an investment in an associate or a joint venture is initially recognised on the consolidated statement of financial position and adjusted thereafter to recognised the Groups' share of the profit or loss in other comprehensive income of the associate if joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in associate or joint venture), the Group discontinues to recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in associate or joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of ASSB 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in associate or joint venture. When necessary, the entire carrying amount if the investment (including goodwill) is tested for impairment in accordance with AASB 136 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceased to be an associate or a joint venture, or when the investment is classified as held for sale. When the group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with AASB 139. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities., the Group reclassified the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests. When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassified to profit and loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and loss resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Property, plant and equipment
Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Plant and equipment	2-10 years
Motor vehicle	4-8 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Impairment
The carrying values of plant and equipment are reviewed for impairment at each balance date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to approximate fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of comprehensive income in other expenses.

Derecognition and disposal
An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(u) Goodwill
Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group’s interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Goodwill (continued)
Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with AASB 8 Operating Segments.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (Group of cash-generating units), to which the goodwill relates. When the recoverable amount of the cash-generating unit (Group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (Group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

(v) Intangible assets
Intangible assets acquired separately
Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

Intangible assets acquired in a business combination
Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

(w) Trade and other payables
Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(x) Interest-bearing loans and borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

(z) Employee leave benefits
Wages, salaries and annual leave
Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the balance date are recognised in other payables in respect of employees' services up to the balance date, they are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the balance date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(AA) Share-based payment transactions
Equity settled transactions:
The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black-Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Santa Fe Minerals Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(AA) Share-based payment transactions (continued)
No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings or loss per share.

(AB) Issued capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

(AC) Earnings per share
Earnings per share is calculated as net profit / (loss) attributable to members of the Company, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit / (loss) attributable to members of the parent, adjusted for:
- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(AD) Parent entity financial information
The financial information for the parent entity, Santa Fe Minerals Limited, has been prepared on the same basis as the consolidated financial statements, except in relation to investments in subsidiaries, associates and joint venture entities.

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the parent entity's financial statements. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(AE) Going concern
The consolidated financial report has been prepared on a going concern basis.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

NOTE 2: REVENUE AND EXPENSES

	2018 $	2017 $
Employee benefits expense		
Wages and salaries	362,908	225,000
Other associated personnel expenses	4,809	3,594
Contributions to defined contribution superannuation funds	34,385	21,375
Change in liability for annual leave	20,495	7,474
	422,597	**257,443**
Other expenses		
ASX fees	93,121	24,844
Contractors and consultants	49,911	69,537
Auditor's remuneration	48,120	23,759
Insurance	41,812	25,872
Legal fees	119,899	60,405
Premises costs	13,000	14,300
Travel	123,340	94,105
IT costs	14,237	12,904
Share registry fees	25,259	12,919
Other	59,494	17,922
	588,193	**356,567**
Other income		
Interest received	151,296	235,891
Other	-	250
	151,296	**236,141**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

NOTE 3: INCOME TAX

Income tax recognised in profit or loss	**2018 $**	**2017 $**
Current tax expense	-	-
Benefit arising from previously unrecognised tax losses of a prior period that is used to reduce current tax	-	-
Adjustments recognised in the current year in relation to the current tax of prior years	-	-
Deferred tax expense / (income)	-	-
Income tax expense	-	-

The prima facie income tax expense / (benefit) on pre-tax accounting profit / (loss) from operations reconciles to the income tax expense as follows:		
Accounting profit / (loss) before income tax	(1,243,478)	(352,839)
Income tax at 30% (2017: 27.5%)	(373,043)	(97,031)
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Non-deductible expenses	26,214	920
Non-assessable income	-	-
Adjustments recognised in the current year in relation to current tax of prior years	36,652	-
Effect of previously unrecognised tax losses	(27,768)	(7,551)
Effect of deferred tax not recognised in prior years	-	-
Deferred tax assets not recognised	337,945	103,662
Income tax expense	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 30.0% payable by Australian corporate entities on taxable profits under Australian tax law. The tax rate used in the previous reporting period was 27.5%.

Current tax assets comprise:	**2018 $**	**2017 $**
Income tax receivable	-	-

Current tax liabilities comprise:		
Income tax payable	-	-

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

NOTE 3: INCOME TAX (continued)

Deferred Tax Balances

At 30 June 2018, net deferred tax assets of $596,672 have not been recognised in terms of AASB112 *Income Taxes*. The Company does not currently have operating activities and therefore it may not have future taxable profit available against which the deductible temporary differences and unused tax losses comprising this net deferred tax amount may be utilised.

Unrecognised deferred tax assets and liabilities as at 30 June 2018 comprise:	Deferred tax assets $	Deferred tax liabilities $	Net $
Property, plant and equipment	1,922	-	1,922
Financial assets	-	(49,452)	(49,452)
Trade and other receivables	-	(4,688)	(4,688)
Trade and other payables	4,800	-	4,800
Employee benefits	14,749	-	14,749
Unused tax losses	498,710	-	498,710
Other future deductions	130,632	-	130,632
Unrecognised deferred tax assets / (liabilities) before set-off	650,813	(54,140)	596,673
Set-off of deferred tax liabilities	(54,140)	54,140	-
Net unrecognised deferred tax asset	**596,673**	-	**596,673**

In addition to the assessed loss and other net future income tax deductions on which deferred tax has not been recognised at 30 June 2018 as set out in the table above, the Company also has accumulated capital losses of $2,152,315 on which deferred tax has not been recognised. Such capital losses may only be utilised against potential future capital gains.

Unrecognised deferred tax assets and liabilities as at 30 June 2017 comprise:	Deferred tax assets $	Deferred tax liabilities $	Net $
Property, plant and equipment	12,727		12,727
Trade and other receivables	-	(7,243)	(7,243)
Trade and other payables	8,694	-	8,694
Employee benefits	7,884	-	7,884
Unused tax losses	205,862	-	205,862
Other future deductions	10,837	-	10,837
Unrecognised deferred tax assets / (liabilities) before set-off	246,004	(7,243)	238,761
Set-off of deferred tax liabilities	(7,243)	7,243	-
Net unrecognised deferred tax asset	**238,761**	-	**238,761**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

NOTE 4: SEGMENT REPORTING

AASB 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Group's operating segments have been determined with reference to the monthly management accounts used by the Chief Operating Decision maker to make decisions regarding the Group's operations and allocation of working capital. Due to the size and nature of the Group, the Board as a whole has been determined as the Chief Operating Decision Maker.

During the period, the Company operated predominantly in one segment being the minerals exploration sector in Australia. Accordingly, under the "management approach" outlined, only one operating segment has been identified and no further disclosure is required in the notes to the financial statements.

The revenues and results of this segment are those of the Group as a whole and are set out in the consolidated statement of comprehensive income and the assets and liabilities of the Group as a whole are set out in the consolidated statement of financial position.

NOTE 5: EARNINGS PER SHARE

	2018 Cents per share	2017 Cents per share
Loss per share:	(1.82)	(0.58)
Diluted loss per share:	(1.82)	(0.58)
The (loss) / profit and weighted average number of ordinary shares used in the calculation of basic and diluted loss per share is as follows:		
	Number	**Number**
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	68,242,762	61,068,789
	$	**$**
(Loss) / profit used in the calculation of total basic and diluted earnings per share are as set out in the statement of comprehensive income as follows:	(1,243,478)	(352,839)

NOTE 6: CASH AND CASH EQUIVALENTS

	2018 $	2017 $
Cash at bank	340,645	574,696
Short-term deposits	4,472,176	8,201,744
	4,812,821	**8,776,440**

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018

NOTE 6: CASH AND CASH EQUIVALENTS (continued)

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank and investments in money market instruments, net of outstanding bank overdrafts.

Reconciliation of profit/ (loss) for the year to net cash flows from operating activities:	2018 $	2017 $
Loss for the year	(1,243,478)	(352,839)
Depreciation	9,314	2,429
Loss on disposal of listed investment	78,771	(27,459)
Increase/decrease in assets:		
Trade and other receivables	(5,133)	59,064
Other financial assets	(19,500)	25,658
Increase/(decrease) in liabilities:		
Trade and other payables	8,278	21,002
Provisions	20,495	11,149
Net cash outflow from operating activities	**(1,151,253)**	**(260,996)**

NOTE 7: CURRENT TRADE AND OTHER RECEIVABLES

	2018 $	2017 $
Trade and other receivables	**31,469**	**26,336**

As at 30 June 2018, no provision for doubtful debts was required (2017: nil). There are no receivables which are past due or impaired.

NOTE 8: OTHER FINANCIAL ASSETS

	2018 $	2017 $
Current		
Prepayments	20,451	951
	20,451	**951**
Non-current		
Available-for-sale financial assets (listed shares) carried at fair value	1,140,000	300,000
	1,140,000	**300,000**

Available-for-sale financial assets consist of investments in ordinary shares.

NOTE 9: SHARE BASED PAYMENTS

Options

The following options were issued as part consideration for the acquisition of the Group's tenements:

	Number	Grant date	Expiry date	Exercise price	Fair value at grant date	Vesting date
SERIES 1	1,250,000	22/11/2017	30/09/2020	$0.20	$45,941	22/11/2019
SERIES 2	500,000	01/03/2018	30/09/2020	$0.20	$30,126	15/09/2018

The fair value of the equity-settled share options is estimated as at the date of grant using the Black-Scholes model taking into account the terms and conditions upon which the options were granted.

	SERIES 1	SERIES 2
Dividend yield (%)	-	-
Expected volatility (%)	80	80
Risk-free interest rate (%)	2.02	2.02
Expected life of option (years)	1.83	2.58
Exercise price (cents)	20	20
Grant date share price (cents)	10	15

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

The following table illustrates the number (No.) and weighted average exercise prices of and movements in share options in existence during the year:

	2018 No.	2018 Weighted average exercise price	2017 No.	2017 Weighted average exercise price
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	1,750,000	0.20	-	-
Exercised during the year	-	-	-	-
Lapsed during period	-	-	-	-
Outstanding at the end of the year	**1,750,000**	**0.20**	**-**	**-**
Exercisable at the end of the year	-	-	-	-

The outstanding balance as at 30 June 2018 is represented by 1,750,000 options over ordinary shares with a weighted average exercise price of $0.20 each, exercisable upon vesting and until the relevant expiry dates.

The weighted average remaining contractual life for the share options outstanding as at 30 June 2018 is 2.25 years (2017: N/A).

The range of exercise prices for options outstanding at the end of the year is $0.20 - $0.20 (2017: N/A).

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

Net carrying amount:	Motor Vehicles $	Other Assets $	Total $
Balance at 1 July 2016	-	4,998	4,998
Depreciation	-	(2,429)	(2,429)
Balance at 30 June 2017	**-**	**2,569**	**2,569**
At 30 June 2017:			
Cost or fair value	-	8,657	8,657
Accumulated depreciation	-	(6,088)	(6,088)
Net carrying amount	**-**	**2,569**	**2,569**

Net carrying amount:	Motor Vehicles $	Other Assets $	Total $
Balance at 1 July 2017	-	2,569	2,569
Additions	66,764	2,453	69,217
Disposals	-	-	-
Depreciation	(7,614)	(1,700)	(9,314)
Balance at 30 June 2018	**59,150**	**3,322**	**62,472**
At 30 June 2018:			
Cost or fair value	66,764	11,110	77,874
Accumulated depreciation	(7,614)	(7,788)	(15,402)
Net carrying amount	**59,150**	**3,322**	**62,472**

NOTE 11: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	2018 $	2017 $
Balance at beginning of period	-	-
Equity-settled payments for acquisition of tenements	276,067	-
Cash payments for acquisition of tenements	245,000	-
Total deferred exploration and evaluation expenditure	521,067	-

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

NOTE 12: TRADE AND OTHER PAYABLES

	2018 $	2017 $
Trade and other payables	**60,753**	**52,475**

Trade payables are unsecured, non-interest bearing and are normally settled on 30-60 day terms.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018

NOTE 13: BORROWINGS, COMMITMENTS AND CONTINGENCIES

Operating lease commitments
The Group does not have any operating lease commitments as at 30 June 2018 (2017: nil).

Capital commitments
There are no commitments contracted for at balance date but not recognised as liabilities at 30 June 2018 (2017: nil).

Contingent consideration liability
There were no contingent liabilities at the date of signing this report (2017: nil).

NOTE 14: PROVISIONS

	2018 $	2017 $
Annual leave	**49,164**	**28,669**

NOTE 15: ISSUED CAPITAL AND RESERVES

Issued Capital	2018 $	2017 $
72,818,789 Fully paid ordinary shares (30 June 2017: 61,068,789)	**14,757,954**	**16,405,862**

	Year to 30 June 2018		Year to 30 June 2017	
	Number	**$**	**Number**	**$**
Movements in ordinary shares				
Balance at beginning of year	61,068,789	16,405,862	61,068,789	16,405,862
Issue of fully paid ordinary shares at $0.10[1] each	11,250,000	1,125,000	-	-
Issue of fully paid ordinary shares at $0.15[2] each	500,000	75,000		
Share issue costs	-	(99,812)		
Return of capital to shareholders	-	(2,748,096)		
Balance at end of year	**72,818,789**	**14,757,954**	**61,068,789**	**16,405,862**

[1]1,250,000 of these shares were issued in part consideration for the Group's tenements acquired.
[2]These shares were issued in part consideration for the Groups tenements acquired.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Reserves

Nature and purpose of reserves

Asset revaluation reserve
Changes in the in the fair value of available-for-sale assets are presented in other comprehensive income through the asset revaluation reserve.

Share-based payments reserve
This reserve is used to record the value of option-settled payments paid to vendors for the acquisition of Projects. Refer to Note 9 for further details.

NOTE 15: ISSUED CAPITAL AND RESERVES (continued)

Reserves (continued)

	2018 $	2017 $
Asset revaluation reserve	196,078	(72,452)
Share-based payments reserve	76,067	-
	272,145	(72,452)

NOTE 16: FINANCIAL INSTRUMENTS

Capital risk management
The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. None of the Group's entities are subject to externally imposed capital requirements. Operating cash flows and cash holdings are used to maintain and expand operations, as well as to make routine expenditures such as tax and general administrative outgoings.

At 30 June 2018, the Group had no borrowings.

	2018 $	2017 $
Categories of financial instruments		
Financial assets		
Cash and cash equivalents	4,812,821	8,776,440
Trade and other receivables	31,469	26,336
Other financial assets	20,451	951
Available-for-sale financial assets carried at fair value	1,140,000	300,000
Financial liabilities		
Trade and other payables	60,753	52,475

Financial risk management objectives
The Group is exposed to market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group does not seek to minimise the effect of these risks, by using derivative financial instruments to hedge these risk exposures. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk
The Group's activities expose it primarily to the financial risks of changes in interest rate. The Group does not enter into derivative financial instruments to manage its exposure to this risk.

(i) Foreign currency risk management
The Group does not undertake any material transactions denominated in foreign currencies. All contracts are denominated in Australian dollars.

(ii) Equity price risk
The Group is exposed to equity price risks arising from available-for-sale financial assets. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group. The majority of the Group's investments are publicly traded. The Group's exposure to equity price risks at balance date is not material and no sensitivity analysis has been performed.

NOTE 16: FINANCIAL INSTRUMENTS (continued)

(iii) Interest rate risk sensitivity analysis

The Group is exposed to interest rate risk as it has cash at floating and fixed interest rates. The following tables summaries the sensitivity of the Company's financial assets to interest rate risk. Had the relevant variables, as illustrated in the tables, moved by 1%, with all other variables held constant, post-tax loss and equity would have been affected as shown. The analysis has been performed on the same basis for 2018 and 2017, and represents management's judgement of a reasonably possible movement.

(iii) Interest rate risk sensitivity analysis (continued)

30 June 2018	**Carrying Amount $**	***Interest Rate Risk -1%*** **Net Loss $**	**Equity $**	***Interest Rate Risk +1%*** **Net Gain $**	**Equity $**
Financial assets					
Cash and cash equivalents	4,812,821	(48,128)	(48,128)	48,128	48,128
Trade and other receivables	31,469	-	-	-	-
Other financial assets	20,451	-	-	-	-
Available-for-sale financial assets carried at fair value	1,140,000	-	-	-	-
	6,004,741	(48,128)	(48,128)	48,128	48,128
Financial liabilities					
Trade and other payables	**60,753**	**-**	**-**	**-**	**-**

30 June 2017	**Carrying Amount $**	***Interest Rate Risk -1%*** **Net Loss $**	**Equity $**	***Interest Rate Risk +1%*** **Net Gain $**	**Equity $**
Financial assets					
Cash and cash equivalents	8,776,440	(87,764)	(87,764)	(87,764)	(87,764)
Trade and other receivables	26,336	-	-	-	-
Other financial assets	951	-	-	-	-
Available-for-sale financial assets carried at fair value	300,000	-	-	-	-
	9,103,727	(87,764)	(87,764)	(87,764)	(87,764)
Financial liabilities					
Trade and other payables	**52,475**	**-**	**-**	**-**	**-**

None of the Company's trade and other receivables and trade and other payables are interest bearing (2017: nil).

NOTE 16: FINANCIAL INSTRUMENTS (continued)

Fair value measurement
Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy.

The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the asset or liability.

The Available-for-sale assets held by the Group consist of investments in listed ordinary shares, and are therefore Level 1 securities. There were no transfers between Level 1 and Level 2 in 2018 and 2017.

The carrying amount of financial assets and liability measured on a non-recurring fair value basis approximates their fair value. Valuation techniques are selected based on the characteristics of the instruments, with the overall objective of maximising the use of market-based information. Valuation processes and fair value changes are discussed amongst the Board at least twice a year in line with reporting dates.

Credit risk management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Company's and the Group's expected contractual maturity for its non-derivative financial liabilities.

	Less than 1 year $	1 - 5 years $	5+ years $
2018			
Non-interest bearing	**60,753**	**-**	**-**
2017			
Non-interest bearing	**52,475**	**-**	**-**

NOTE 17: AUDITOR'S REMUNERATION

The auditor of the Group is HLB Mann Judd.

	2018 $	2017 $
Auditor of the parent entity		
Audit or review of the financial statements	26,000	22,100
Other services		
Taxation compliance	12,934	1,659
Other assurance services	9,500	-
	48,434	**23,759**

NOTE 18: RELATED PARTY DISCLOSURE

Subsidiary Entities

The consolidated financial statements include the financial statements of Santa Fe Minerals Limited and the subsidiaries listed in the following table.

	Country of	% Equity Interest	
Name	**Incorporation**	**2018**	**2017**
ATM One Pty Ltd	Australia	100%	100%
Transact Pty Ltd	Australia	100%	100%
Challa Resources Pty Ltd	Australia	100%	100%
Challa Minerals Pty Ltd	Australia	100%	N/A

Challa Minerals Pty Ltd was incorporated on 27 February 2018.

Santa Fe Minerals Limited is the ultimate Australian parent entity and ultimate parent of the Group. Loans made by Santa Fe Minerals Limited to its wholly-owned subsidiaries are contributed to meet required expenditure payable on demand and are not interest bearing.

Transactions with other Related Parties

The Company rents office accommodation from Oakajee Corporation Limited. Mark Jones is a Director of Oakajee Corporation Limited. Normal commercial terms apply. The amount paid during the year was $13,000 (2017: $14,300).

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms. No guarantees have been provided or received for any related party receivables or payables.

For the year ended 30 June 2018, the Group has not made any allowance for doubtful debts relating to amounts owed by related parties (2017: nil). An impairment assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates to determine whether there is objective evidence that a related party receivable is impaired. When such objective evidence exists, the Group recognises an allowance for the impairment loss.

NOTE 19: KEY MANAGEMENT PERSONNEL DISCLOSURES

The aggregate compensation paid to directors and other key management personnel of the Group is set out below:

	2018 $	2017 $
Short-term employee benefits	259,203	225,000
Post-employment benefits	24,624	21,375
Share-based payments	-	-
	283,827	**246,375**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

NOTE 20: PARENT ENTITY DISCLOSURES

	2018	2017
Financial position	**$**	**$**
Assets		
Current assets	4,826,651	8,803,727
Non-current assets	1,761,373	302,569
Total assets	**6,588,024**	**9,106,296**
Liabilities		
Current liabilities	109,661	81,144
Non-current liabilities	-	-
Total liabilities	**109,661**	**81,144**
Net assets	**6,478,363**	**9,025,152**
Equity		
Issued capital	14,757,954	16,405,862
Asset revaluation reserve	272,145	(72,452)
Accumulated losses	(8,551,736)	(7,308,258)
Total equity	**6,478,363**	**9,025,152**
Financial performance		
Loss for the year	(1,243,478)	(352,839)
Other comprehensive income	268,530	-
Total comprehensive loss	**(974,948)**	**(352,839)**

NOTE 21: EVENTS AFTER THE REPORTING PERIOD

Significant events after balance date

Following the end of the period, the Group relinquished 467.3 km^2 of non-core exploration ground. The current area of interest is now 1,883.7km^2 and will allow the Group to allocate more resources towards meaningful exploration on existing targets including Watson's Well, the Paynesville Gold Trend and Yarrambie.

There has not been any other matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Directors' Declaration

1. In the opinion of the directors of Santa Fe Minerals Limited (the 'Group'):

   (a) the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:

      i. giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the year then ended; and

      ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

   (c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2018.

This declaration is signed in accordance with a resolution of the Board of directors.

Mark Jones
Non-Executive Chairman

19 September 2018
Perth, Western Australia

Independent Auditor's Report
To the Members of Santa Fe Minerals Limited

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Santa Fe Minerals Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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Key Audit Matter	How our audit addressed the key audit matter
Carrying amount of deferred exploration expenditure Note 11	
The Group has capitalised exploration and evaluation expenditure of $521,067 as at 30 June 2018. In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Group capitalises acquisition costs and then expenses further exploration and evaluation expenditure as incurred. The cost model is applied after recognition. Our audit focussed on the Group's assessment of the carrying amount of the capitalised exploration and evaluation asset, as this is one of the most significant assets of the Group. We planned our work to address the audit risk that the capitalised expenditure might no longer meet the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.	Our procedures included but were not limited to: • We obtained an understanding of key processes associated with management's review of carrying value of the area of interest; • We considered the Directors' assessment of potential indicators of impairment; • We obtained evidence that the Group has current rights to tenure of its area of interest; • We substantiated a sample of exploration and evaluation expenditure incurred during the year; and • We examined the disclosures made in the financial report.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Santa Fe Minerals Limited for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

D I Buckley
Partner

Perth, Western Australia
19 September 2018

ASX ADDITIONAL INFORMATION AT 6 SEPTEMBER 2018

A. CORPORATE GOVERNANCE

A statement disclosing the extent to which the Company has followed the best practice recommendations set by the ASX Corporate Governance Council during the reporting period is can be found on the Company's website: https://www.santafeminerals.com.au/about-us/corporate-governance

B. SHAREHOLDING

1. Substantial Shareholders

The names of the substantial shareholders listed on the company's register:

Size of Holding	No. Shares	%
Oakajee Corporation Limited	11,000,000	15.10%
Dog Meat Pty Ltd <DM A/C>	5,500,000	7.55%
Asian Star Investments Limited	4,750,000	6.52%
Success Concept Investment Limited	4,500,000	6.18%
Garry William Thomas & Nancy-Lee Thomas <Thomas Family Super A/C>	4,260,000	5.85%
Malcora Pty Ltd	3,753,341	5.15%
Total	**33,763,341**	**46.35%**

2. Number of holders in each class of equity securities and the voting rights attached

There are 424 holders of Ordinary shares. Each shareholder is entitled to one vote per share held.

On a show of hands every shareholder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

There are 5 holders of Options. Options for ordinary shares do not carry any voting rights. The unquoted securities of the Company are as follows:

- 1,250,000 Unlisted options ($0.20, 30/09/2020) - escrowed until 22 November 2019
- 500,000 Unlisted options ($0.20, 30/09/2020) - escrowed until 15 September 2018

3. Distribution schedule of the number of ordinary holders

Size of Holding	Number of Holders	Shares Held
1 - 1,000	14	1,498
1,001 - 5,000	13	43,450
5,001 - 10,000	121	1,177,044
10,001 - 100,000	206	7,783,218
100,001 and over	70	63,813,579
Total	**424**	**72,818,789**

4. Marketable Parcel

There are 19 shareholders with less than a marketable parcel.

ASX ADDITIONAL INFORMATION AT 6 SEPTEMBER 2018

5. Twenty largest holders of each class of quoted equity security

The names of the twenty largest holders of each class of quoted equity security, the number of equity security each holds and the percentage of capital each holds is as follows:

	Shareholder	No. Shares	%
1	Oakajee Corporation Limited	11,000,000	15.10
2	Dog Meat Pty Ltd <DM A/C>	5,500,000	7.55
3	Asian Star Investments Limited	4,750,000	6.52
4	Success Concept Investment Limited	4,500,000	6.18
5	Garry William Thomas & Nancy-Lee Thomas <Thomas Family Super A/C>	4,260,000	5.85
6	Malcora Pty Ltd	3,753,341	5.15
7	Parabolica Capital Pty Limited	3,420,000	4.69
8	Falfaro Investments Limited	3,132,005	4.30
9	Malcora Pty Ltd <C & C Cenviva A/C>	3,113,850	4.27
10	Bjorn Herluf Jonshagen & Beverley Vickers <B & B's Super Fund A/C>	1,510,000	2.07
11	Stephen Frederick Schmedje & Cornelia Petra Schmedje	1,020,000	1.40
12	Mr Jeffrey Maxwell Jones & Mrs Nari Fay Jones <TZM Super Fund A/C>	1,000,000	1.37
13	Mr Kim Meldrum	905,000	1.24
14	Corporate & Resource Consultants Pty Ltd	893,750	1.23
15	C & C Giovenco Pty Ltd <C & C Giovenco S/F A/C>	800,000	1.10
16	Mr Jeffrey Maxwell Jones <TZM A/C>	625,194	0.86
17	Mr Douglas Rose	580,000	0.79
18	Mr Cesare Micahel Ceniviva <Martino Family A/C>	573,344	0.78
19	Nu-Start Plumbing Pty Ltd	500,000	0.68
20	Red Tag Roofing Pty Ltd	486,350	0.67
	Total	**52,322,834**	**71.8**

ASX ADDITIONAL INFORMATION AT 6 SEPTEMBER 2018

C. OTHER DETAILS

1. *Company Secretary*

   Krystel Kirou

2. *Address and telephone details of the Company's registered and administrative office*

   39 Clifton Street,
   Nedlands WA 6009

   Tel: +61 8 9389 6032
   Fax: +61 8 9389 8226

3. *Address and telephone details of the office at which a register of securities is kept*

   Advanced Share Registry Services
   110 Stirling Highway
   Nedlands WA 6009

   Tel: +61 8 9389 8033
   Fax: +61 8 9262 3723

4. *Stock exchange on which the Company's securities are quoted*

   The Company's listed equity securities are quoted on the Australian Stock Exchange (ASX: SFM).

5. R*eview of Operations*

   A review of operations is contained in the Directors' Report.

6. *Consistency with business objectives*

   The Company has used its cash and assets in a form readily convertible to cash that it had at the time of listing in a way consistent with its stated business activities.